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DOCUMENTS, REPORTS, AND LEGISLATION

Industries and Commerce

THE LUMBER INDUSTRY. An extensive and painstaking investigation of *The Lumber Industry* has been made by the United States Bureau of Corporations. Part I, covering *Standing Timber* (Washington, 1913, pp. xxiii, 301); parts II and III on *Concentration of Timber Ownership in Important Selected Regions and Land Holdings of Large Timber Owners* (1914, pp. xx, 264, with 8 ownership maps); and part IV on *Conditions in Production and Wholesale Distribution Including Wholesale Prices* (1914, pp. xxi, 933) have been published. A subsequent part will treat of the retail side of the industry.

The investigation upon which this report is based was conducted in response to certain Senate and House resolutions directing that information be obtained on "the causes of the high prices of lumber, and whether or not those high prices have resulted from any contract, agreement, or combination in restraint of commerce."

At its inception the investigation indicated that the control of standing timber meant the control of the whole lumber industry and hence the fixation of prices. Because of the lack of any reliable estimates of the amount of timber in the United States or of data concerning its ownership, the bureau found it necessary to cover these points as well as to ascertain the facts as to the movement of lumber prices, the price agreements among dealers, the nature of the business of manufacturing lumber and the analysis of the economies of large-scale production.

The foremost facts shown and conclusions drawn are:

(1) "The remaining supply of standing timber in continental United States (excluding Alaska) is now about 2,800 billion board feet, of which about 2,200 billion is privately owned" (pt. I, p. 1). "The present annual growth is estimated by the Forest Service at only about one-third the annual cut" (pt. I, p. 5). Without allowance for new growth or increase in consumption the bureau's total for all timber in the United States would represent about 55 years' supply and that for privately owned timber alone only 44 years' supply (pt. I, p. 7).

(2) "From 1897 to 1907 there was a remarkable advance in lumber prices. This advance ranged from 80 to 200 per cent, depending upon the kind of wood and the grade of lumber" (pt. IV, p. xviii).

(3) Only a small fraction of the increase can be explained by the fact that "lumber agrees with other commodities in reflecting the depreciation of gold" (pt. I, p. 180).

(4) A part of the advance "was undoubtedly due to the concerted efforts of lumber manufacturers. During this period and since, the lumbermen through their associations and otherwise were industriously acting in concert to maintain or to raise prices. They issued uniform price lists and endeavored to maintain them and, to make it easier to secure the prices agreed upon, they often agreed to curtail the output of their mills" (pt. IV, p. xviii). Much evidence is presented in part IV of agreements among lumber manufacturers to maintain prices and curtail production. These agreements are almost exclusively of an informal nature without penalty for failure to keep the agreement. In some cases selling agencies were formed to handle the product of several mills. There is coöperation between these agencies in maintaining prices and apportioning orders (pt. IV, p. 469).

(5) The advance in the price of standing timber has been even greater than that of the finished lumber. "That the increase has been nothing less than enormous is recognized by the men most familiar with the business" (pt. I, p. 25). For instance, identical tracts of timber in Mississippi changed hands at \$10,000 in 1897, at \$124,000 in 1907; in Wisconsin at \$1.25 to \$3.00 per acre in 1894 and at \$30 in 1908; in Idaho at \$240,000 in 1901 and \$2,500,000 in 1909; in Oregon at \$24,000 in 1892 and \$460,000 in 1907 (pt. I, p. 26).

(6) It is not the manufacturers of lumber, *as such*, who have dominated the industry, brought about the increase of lumber prices, and absorbed the large profits. All the economies from large-scale production are secured by plants of moderate size, cutting under 25,000,000 feet a year.

If a single interest wishes to cut a large amount of timber, it is apt to build two or half a dozen mills, rather than one of extraordinary size. Except in the few localities where cheap and extensive water transportation makes it possible to establish a market for logs, large mills have followed large holdings; the large holdings have not arisen from any advantage of large mills (pt. I, p. 36).

Therefore, in any consideration of what tendencies exist toward a unified control of the lumber business, the fundamental point is the extent of the tendency toward a unified control of the standing timber. Any combination elsewhere would be wholly under the domination of a combination here . . . (pt. I, p. 41).

(7) A thorough investigation of the ownership of timber in three regions (Pacific-Northwest, Southern Pine Region, and Lake States) covering 80 per cent of the privately owned standing timber revealed remarkable concentration of ownership. Owners are defined thus:

"Wherever the Bureau secured information showing that the same interest owned half or more of the stock of two or more owners of record, these holdings were combined and counted as one" (pt. I, p.14).

In the investigation area it was found that (pt. I., p. 12):

3 holders	own over $\frac{1}{8}$ of	timber privately owned
8 "	" nearly $\frac{1}{5}$ "	" " " "
22 "	" over $\frac{1}{4}$ "	" " " "
48 "	" nearly $\frac{1}{3}$ "	" " " "
195 "	" " $\frac{1}{2}$ "	" " " "

The largest three holders are the Southern Pacific Company (105.6 billion feet), the Weyerhaeuser Timber Company (95.7 billion feet), and the Northern Pacific Railway Company (36.2 billion feet).

The figures quoted above understate the degree of concentration in ownership for three reasons: First, there are numerous interrelations between timber holding corporations not amounting to control. Thus various timber companies, other than railroads, more or less closely associated with the Weyerhaeuser Timber Company, own 291.9 billions of board feet (pt. I, p. 101-2). Second, "the large holders control great quantities of timber land which they do not actually own." Third, "the large holdings, generally speaking, are of better quality than the small" (pt. I, p. 95). Maps of the large timber and land holdings are presented in parts II and III.

(8) The large holders are speculative holders. For instance, "the Southern Pacific and the Northern Pacific are not cutting any timber, and the logging operations of the Weyerhaeuser Timber Company are small compared with its holding" (pt. I, p. 100).

(9) The public land policy of the federal government has been the main cause of the present concentration of timber ownership. The great railroad land grants, cash sales, forest lieu legislation and the homestead, timber and stone laws are contributing factors. The largest three timber holdings in the United States originated from railroad land grants. For instance, in the heavily timbered section between Sacramento and Portland, the Southern Pacific Company is the dominating owner of a strip 680 miles long by 60 miles wide.

The report on *The Lumber Industry* is an excellent piece of scientific work. The investigations were thorough, the data carefully analyzed, the statistical method sound, the prices collected with unusual care from actual invoices, and the discussion of the economic principles involved is reliable and well written. The facts set forth do, indeed "clearly point to the desirability of maintaining the integrity of the national forests,

and, furthermore, suggest the desirability of the extension of the essential principles of the national forest policy to such publicly owned timber as now stands on lands outside of those reserves, including the forests of Alaska, possibly by bringing such lands within national forest limits (pt. I, p. 271)."

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THE NEW YORK DEPARTMENT OF FOODS AND MARKETS. The state of New York has perhaps taken the lead in responding to the public demand for legislation to improve the present system of marketing farm products. Within the past few months it has enacted a law providing for the organization of coöperative associations, one to regulate the handling of farm products on commission, one to standardize the grades of apples, and (in April, 1914) one to establish a department of foods and markets. The head of this department is to be known as the commissioner of foods and markets; he is to be appointed by the governor for a term of six years; is to receive an annual salary of \$6000; and to have general powers and duties as follows: To investigate the cost of food production and marketing; to aid in the organization of coöperative societies; to hear complaints and suggestions and to obtain testimony, for which purpose he is given the power to issue subpoenas and compel the attendance of witnesses; to assist in the location and establishment of coöperative markets; to make rules and regulations for the packing, grading, storage, and sale of all food-stuffs; and to establish auction markets at such points in the state as may seem advisable.

In connection with auction markets, the law provides for the appointment of licensed auctioneers, who shall receive goods on consignment direct from farmers and other shippers. The fees to be charged by the auctioneers for their services are to be fixed by the commissioner of foods and markets, and an additional commission of 3 per cent is to be levied on all products sold, such sums to be paid into the state treasury and applied to the support of the department. The department is given power to employ men to inspect and determine the grade and condition of farm products, and is further charged with the publication of a daily bulletin, which shall set forth quotations in the principal markets of the state. The law also provides for the issue of bulletins containing information about standardization, packing, and transportation, and lists of names and addresses of producers and consignors so that buyers may know where to obtain various products.

Governor Glynn appointed as commissioner of foods and markets, Mr. John J. Dillon, the publisher of the *Rural New Yorker*, an influential farm paper which has been prominent in arousing interest in the problem of marketing and in the framing and passage of the law in question. The commissioner has his offices in New York City and has begun to organize the work.

It is too early to say just how valuable or successful this department will be in dealing with the marketing problem. But there is ample evidence that the framers of the law had an inadequate conception of the present organization of marketing and of the possibilities and methods for its improvement.

The provision for the establishment of auction markets was made without any study of the efficiency, methods, or limitations of the auction markets of New York, Boston, and other cities. In New York the auction companies handle California and Florida citrus fruits and California deciduous fruits, a few Northwestern box apples, and imported citrus fruits, pineapples, grapes, and bananas. There is also one auction company attempting to sell live poultry but its ultimate success is problematical. Numerous attempts have been made in various parts of the country to sell at auction other commodities than those enumerated, but they have always failed. It is to be hoped that a thorough study of the auction method both here and abroad will be made before the commission attempts the establishment of auction markets, which might be doomed to failure.

The publication of a daily bulletin with price quotations might easily be made a serviceable thing, but here again there is no intimation as to how these quotations shall be arrived at. Shall they be obtained independently by representatives of the state, or shall the present quotations obtained by expert market reporters be used in this bulletin? It ought also to be borne in mind that the present quotations are spread broadcast both in the daily papers and by means of daily sheets sent out by wholesale produce dealers.

According to a statement of the purposes of the law, published in the *Rural New Yorker*, it appears that the recently appointed commissioner probably has too optimistic a view of the possible achievements. Too much faith is placed in public markets, direct marketing, and wholesale terminal markets as correctives of the present system. The commission has begun its work by devoting its energies to the establishment of a coöperatively owned terminal market on the West Side in New York City. Adequate information as to the need of such a market and possible savings in marketing

costs do not appear to be at hand. The *Rural New Yorker* has been claiming for some time that the farmer receives only 35 per cent of the price finally paid for his products. This statement is extremely misleading, not to say incorrect. It does not take into consideration the fact that the great staple farm products, such as grain, live-stock, butter, and eggs, are marketed with a high degree of efficiency and on comparatively narrow margins.

Not until it is realized that on the whole the marketing machinery is highly efficient, and that the various middlemen perform necessary functions, can the marketing problem be attacked in a safe and sane manner.

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The Chamber of Commerce of the United States of America devotes Bulletin No. 174 to *The Story of Cotton. Its History and National and International Importance* (Washington, pp. 526-537). There are charts showing the world's production of commercial cotton by countries, cotton yield per acre in the United States, the average price per pound since 1890, the value of crude cotton seed products, the value of exports and imports, and also a rough map showing the spread of cotton boll weevil.

The House Committee on Merchant Marine and Fisheries, under date of September 8, 1914, made a report on *Government Ownership and Operation of Merchant Vessels in the Foreign Trade of the United States*. (Washington, H. Rept. No. 1149, 63 Cong., 2 Sess., pp. 15). This contains the majority and minority views.

In Bulletin 128 of the Bureau of the Census on *Supply and Distribution of Cotton for the Year Ending August 31, 1914* (Washington, 1914, pp. 30) it is noted that henceforth instead of two annual reports on cotton, one published in June and the other in October, there will be but one report; and in this will be included full statistics for the production, supply, and distribution of cotton.

The *Twenty-eighth Annual Report on the Statistics of Manufactures of Massachusetts for 1913* (Boston, Bureau of Statistics, 1914, pp. 127) contains diagrams showing Massachusetts's leadership in various industries, the value of products, the value added by manufacture, and unemployment and wages.

The Department of Labor and Industry of Maine has prepared

a *Directory of the Manufacturing Industries of Maine* (Augusta, 1914, pp. 130).

Circular No. 175 of the Agricultural Experiment Station of the University of Illinois deals with *Economic Factors in Cattle Feeding* (by H. W. Mumford and L. D. Hall), more particularly with cattle feeding conditions in the corn belt. There are seven corn-surplus states, Ohio, Indiana, Illinois, Missouri, Kansas, and Nebraska. This is a continuation of studies made in Circular No. 169.

Circular No. 177 of the same experiment station is entitled *The Relation between Yields and Prices*, by E. Davenport (pp. 8).

Mr. Charles A. Conant has prepared a pamphlet on the *Effect of the War on the Supply of Investment Capital* (pp. 44).

The Department of Trade and Commerce of Canada has published a pamphlet on *Grain Inspection in Canada*, by R. Magill (Ottawa, pp. 64). This gives a brief account of the methods of handling grain in western Canada in so far as these methods are the subject-matter of legislation. Interesting photographs clearly illustrate the operations of this industry—the cultivation of the fields, sampling, grading, and storage in elevators.

The *Full Report of the Royal Commission on Agriculture* of the Province of British Columbia (Victoria, 1914, pp. 398) contains maps and charts and a large amount of source material in regard to the agricultural development of this province. Of special importance is the section devoted to marketing coöperation and agricultural credit (p. 123), in which a survey is made of experiments and institutions tried in different parts of the world.

Corporations

THE FIRST REPORT OF THE ILLINOIS PUBLIC UTILITIES COMMISSION. On June 30, 1913, the legislature of Illinois passed an act establishing a state public utilities commission,¹ and delegating to it the supervision and regulation of all public utilities within the state. The bill was vigorously opposed by representatives of the city of Chicago, upon the ground that the city should not be deprived of home rule in regard to its utilities. An effort was made to secure the enactment of a law establishing two commissions, one for the city of Chicago, and another to have supervision of all other utilities in the state, but this effort failed.

¹ House Bill No. 907.

The new commission was established on January 1, 1914. It has wide power of regulation, and is to control the accounts, rates, capitalization, and service of all utilities under its jurisdiction. It was provided that the terms of members should be six years and the salary \$10,000 per annum, which is the highest salary paid by any state to its public utility commissioners, with the exception of New York.

The first report² contains orders and decisions from January 1, 1914, to May 1, 1914. It is of particular interest because of some important questions therein raised.

That the commission intends to follow the policy of regarding the municipal utilities as monopolies and of refusing to encourage competition would seem to be indicated by its decision in the case of *The Macon County Telephone Company v. The Bethany Mutual Telephone Company*.³ The Bethany company applied for a certificate of convenience and necessity, permitting it to construct and operate a telephone exchange in territory already served by the Macon County company. This permission the commission refused, saying:

The policy of this commission will be to deny all applications to telephone companies where the application is for the establishing of an additional telephone system in a city or village where a telephone system is already in operation and is furnishing adequate service at reasonable rates.

This decision, however, does not seem to go as far as the policy of the Massachusetts Gas and Electric Commission, which has been to refuse approval to competitive franchises under all circumstances, on the principle that the power of regulation will secure adequate service at reasonable rates, and that, therefore, competition is always unnecessary and undesirable. The Illinois principle, however, is an important step toward the recognition of the essentially monopolistic character of the municipal utilities.

What effect the creation of a state public utility commission has upon the terms of franchises, fixing the conditions of service and rates, previously granted by municipalities under their legal powers to make such grants, is an important problem confronting the Illinois commission; and one which will inevitably arise in other states. In 1907 the city of Chicago granted franchises to its street railway companies, to expire in 1927. These franchises provide for what might be regarded as a virtual partnership between the city and

² *Orders of the State Public Utilities Commission of the State of Illinois*, No. 1.

³ Page 27.

the companies, the city to receive 55 per cent of the net receipts, above a 5 per cent return to capital. It was provided that a 5-cent fare should be charged, and the properties should be operated under the supervision of a board of supervising engineers composed of representatives of the city and the companies. The city has already obtained some \$14,000,000 as its share of net receipts.

What effect the establishment of the new state commission will have upon this arrangement between Chicago and its traction companies is as yet unknown. The city, the board of supervising engineers, and the companies have proceeded upon the assumption that the creation of this commission will not affect the local situation. Under the terms of the law it appears that all control is now vested with the state commission, and that, therefore, any further control by the city is illegal. On the other hand, it may be asserted that these contracts were entered into by the city when it possessed the power to make such contracts, and that, therefore, the commission cannot assume control until the expiration of the ordinances in 1927.

In view of the strong home rule sentiment which prevails in Chicago, it is thought likely that the commission will endeavor to respect the arrangement existing under the present ordinances as long as possible. Thus far it has done so. It has made no orders regarding the Chicago street railway companies except orders pertaining to the issuance of securities. That the city will deny the right and authority of the state commission to assume control of its street railways is indicated by its recent action, in the application to the commission of the town of Berwyn for a 5-cent street car fare to and from Chicago. In this case the city of Chicago, through its corporation counsel, denied the power of the commission to make such a requirement, and maintained that the act establishing the commission was a violation of the Constitution of the United States and of the constitution of the state of Illinois. However, the commission was able to decide upon the application of the town of Berwyn without passing upon these claims of the city of Chicago. But the matter will inevitably come to an issue. When the time comes no one can predict the attitude of the courts.

The report raises one question regarding capitalization which is of far-reaching consequence. The commission has granted its approval of the issuance of securities, the proceeds of which are to be used largely for the construction or enlargement of properties in other states. For example, the Chicago, Milwaukee and St. Paul Railway Company was authorized to issue \$80,000,000 of bonds, a large part

of the proceeds of which are to be used in the construction of additional track, branch lines, terminal yards, water stations, passenger stations, etc., in South Dakota, Iowa, Idaho, Montana, and Michigan. These bonds were passed upon by the commission since some of the property against which the bonds were to be issued was located within the state of Illinois. Under these circumstances, the commission presumably was within its legal powers in passing upon the entire issue. The new laws creating public utility commissions in many other states authorize the commissions to pass upon all securities representing ownership in, or liens against, property within the state. Even though an issue of bonds be a lien against property in more than one state, it would appear that the entire issue must be approved by the commission representing a state having such a law. This is the principle upon which the Illinois commission has proceeded.

This anomalous situation is likely soon to give rise to trouble. Under this system, or lack of system, it may be that a utility corporation will be required to secure the approval of two or more state commissions before making an issue of securities. In this case the approval granted by one commission might be denied by another, or the various commissions might be unable to agree as to the amount of securities properly issuable, or as to the terms upon which the securities should be sold. It might prove exceedingly inconvenient to a corporation to divide the securities into several issues, each issue to be secured simply by the property within a particular state; and it might prove difficult to sell the securities thus divided if the entire property were an operating unit. It would appear that the only solution is federal supervision of securities in the case of utilities doing an interstate business.

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The *Annual Report of the Commissioner of Corporations for the Year Ended June 30, 1914* (Washington, 1914, pp. 47) gives a review of federal supervision over corporations beginning with a suggestion made by Senator Newlands in 1899. The history and work of the Bureau of Corporations is reviewed and the functions of the new federal Trade Commission are summarized. The Trade Commission act is also reprinted as well as the new act to supplement existing laws against unlawful restraint and monopolies. There is a complete list of the reports issued by the bureau since its establishment.

From the secretary of state of Texas has been received *Blue Sky*

Law: Regulating the Sale of Stock of Corporations, Both Foreign and Domestic, with Forms (Austin, 1914, pp. 57).

The Public Utilities Commission of Ohio has published *A Uniform Classification of Accounts for Electric Utilities, Effective January 1, 1915* (Columbus, 1914, pp. 112).

The Boston City Planning Board has made a report on the *Larger Aspects of Passenger Transportation in Metropolitan Boston* (Boston, City Hall, 1914, pp. 18, map). This treats of Boston's transportation problem from three points of view, physical, corporate, and financial. The physical deals with needed improvements in the service; the corporate covers mutual relations of the various public service corporations; and the financial, the method of paying for suggested improvements.

Students of corporation economics will find interesting data in the *Preliminary Report of the Department of Public Service upon Interlocking Control of Public Utilities in the City of Chicago* (Montague Ferry, commissioner, July 1, 1914, pp. 99). This contains a chart showing the membership of various persons upon the directories of the several Chicago public utility commissions.

A pamphlet by Mr. Samuel Insull, president of the Commonwealth Edison Company of Chicago, on *Centralization of Power Supply* (pp. 45) contains interesting illustrations of the economics derived from consolidating industrial plants engaged in furnishing light and power. There are many charts and tables illustrating the development of the industry under consideration.

Labor

The following bulletins have been received from the United States Bureau of Labor Statistics:

No. 146, *Wages and Regularity of Employment and Standardization of Piece Rates in the Dress and Waist Industry: New York City* (Apr. 28, 1914, pp. 313), by N. I. Stone.

No. 150, *Wages and Hours of Labor in the Cotton, Woolen, and Silk Industries, 1907 to 1913* (May 11, 1914, pp. 185).

No. 151, *Wages and Hours of Labor in the Iron and Steel Industry in the United States, 1907 to 1913* (May 15, 1914, pp. 550).

No. 153, *Wages, and Hours of Labor in the Lumber, Millwork, and Furniture Industries, 1907 to 1913* (May 21, 1914, pp. 160).

No. 154, *Wages and Hours of Labor in the Boot and Shoe and*

Hosiery and Underwear Industries, 1907 to 1913 (May 22, 1914, pp. 181).

No. 155, *Compensation for Accidents to Employees of the United States. Report of Operations under the Act of May 30, 1908* (Sept. 17, 1914, pp. 381).

No. 160, *Hours, Earnings and Conditions of Labor of Women in Indiana Mercantile Establishments and Garment Factories* (Oct. 16, 1914, pp. 198), by Marie L. Obenauer and Frances W. Valentine. This is a continuation of the studies on women in industry.

The *Fourth Annual Report of the United States Bureau of Mines* (pp. 101) summarizes the statistics of accidents in this industry. During the past year more than 3500 men were killed and more than 100,000 injured in the mining and metallurgical industries of the country. One half of the fatalities and one quarter of the injuries are regarded as easily preventable. The director makes a plea for more extended investigations on the part of the federal government in order to prevent accidents.

The *First Annual Report of the Commission on Industrial Relations* (Washington, 1914, pp. 79) contains a brief analysis of the testimony which has been taken by this commission, arranged under topical headings. Part of this evidence was secured at public hearings and a part through research investigation.

In November, 1913, the Senate passed a resolution ordering a compilation of *Federal and State Laws Relating to Convict Labor*. The results of this inquiry have been published as a senate document (Washington, Sen. Doc. No. 494, 63 Cong., 2 Sess., 1914, pp. 238). Difficulty was experienced in obtaining statistical data, as no funds were provided for the investigation.

Bulletin 67 of the Department of Labor of New York deals with *International Trade Union Statistics* (pp. 24).

The *Opinion of the Attorney General of Minnesota on the Constitutionality of the Minnesota Minimum Wage Law and the Decision of the Oregon Supreme Court on the Constitutionality of the Oregon Law* has been published as a pamphlet by the Minimum Wage Commission of Minnesota (pp. 32).

The Minimum Wage Commission of Massachusetts has published two additional bulletins: No. 4 on *Wages of Women in the Candy Factories in Massachusetts* (Boston, 1914, pp. 37); and No. 5, *Wages of Women in the Laundries in Massachusetts* (pp. 41).

The Legislative Reference Bureau of Illinois has issued a pamphlet on *Workmen's Compensation Act and Rules of Procedure* (Springfield, pp. 51). This has a summary of the appropriations which have been made in different states for the administration of compensation bureaus. The general rules of the Industrial Board are given and also tables of compensation.

The Employers' Liability Commission of New Jersey has published a *Tabulation of the Causes of Accidents*, compiled from the reports of the Department of Labor of New Jersey (Trenton, 1914, pp. 30).

The *Third Annual Report of the Industrial Insurance Department* of Washington for 1914 (Olympia, 1914, pp. 125) notes that administrative cost is decreasing. It is believed that the employers are not paying any more than they were formerly paying to the casualty companies for the limited protection they were able to give and that the injured workmen are receiving at least three times as much as under the former system. It is, however, difficult to reach the casual employer.

The American Association for Labor Legislation (131 East 22d St., New York) has published *Standards for Workmen's Compensation Laws*, in which an effort is made to standardize and make uniform the various features of workmen's compensation laws (pp. 12).

The *Third Report of the Factory Investigating Commission* of New York, 1914 (Albany, pp. 676) is devoted primarily to a wage investigation which was undertaken in certain industries, more particularly the confectionary and paper box industries in New York City, and to the recodification of the labor law. A long appendix of more than 200 pages on the minimum wage legislation, by Irene Osgood Andrews, is included, and also a bibliography of about 25 pages on the minimum wage by C. C. Williamson.

Dr. Frank O'Hara, associate professor of economics of the Catholic University of America, Washington, prepared a report for the Oregon Committee on Seasonal Unemployment, *Unemployment in Oregon. Its Nature, Extent, and Remedies* (pp. 39).

The *Fourth Anniversary Bulletin of the Joint Board of Sanitary Control in the Cloak, Suit and Skirt and the Dress and Waist Industries, October 31, 1910—October 31, 1914* (31 Union Sq., New York, pp. 48), is an optimistic summary of the work of this board in the past with anticipations as to the future. Charts and illustrations impress upon the reader the problems which are involved and some of the reform work which has been accomplished.

Money, Prices, Credit, and Banking

The United States Mortgage and Trust Company of New York has issued its twelfth annual edition of *Trust Companies of the United States* (1914, pp. 544). Resources of trust companies increased during the past year \$450,000,000. A digest of state regulations in regard to the character of business allowed in each state and the reserves required by law are given; also a chart showing the growth in number of trust companies from 1885 to 1914. No other publication presents so complete a report of this phase of the banking business.

Public Finance

NATIONAL FINANCE. Two portions of the volume on *Wealth, Debt and Taxation* in preparation by the federal Census Bureau, similar to the volume on that subject for 1902, have been published. These are *National and State Indebtedness and Funds and Investments, 1870-1913* (Washington, Bureau of the Census, 1914, pp. 203) and *Taxation and Revenue Systems of State and Local Governments* (Washington, Bureau of the Census, 1914, pp. 275). The first mentioned contains a classified statement of the federal debt by years for the period of 1894 to 1913; a summary statement of the debts and funds of the individual states in 1912 (or 1913); a summary statement of the debts and funds of the states as a whole for the years 1870, 1880 and 1891-1913; a summary statement of the debt and funds of each state by years for 1880 and 1890-1913, accompanied by a descriptive text; and a statement for each state, for the period 1893 to 1912 (or 1913), giving by years the amount of each issue of bonds and the investments of each fund. The analyses in the summary tables are extremely limited and might advantageously be extended so as to include a summary of the growth of different classes of indebtedness and funds, and a grouping of geographical divisions.

The total indebtedness of the states at the latest date for which figures were available was \$422,796,525, comprising \$364,836,427 in bonds, \$38,530,142 special debt to public trust funds, and \$19,429,956 floating debt. The debt less sinking funds was \$345,815,954. If we deduct the cash in funds other than sinking funds the net debt will be about \$215,000,000. This figure includes \$38,530,142 of "special debt to public trust funds" which really represents nothing but an obligation of the state to appropriate for certain public purposes sums representing the estimated interest on the debt. If we deduct this amount the net debt will stand at about \$186,500,000. As will

appear below, this is considerably less than the amount of income-producing securities held by the states in public trust funds.

The per capita debt less sinking funds in 1913 was \$3.57 as compared with \$9.15 in 1870, \$5.48 in 1880, \$3.37 in 1891, \$3.10 in 1900, and \$2.67 in 1909, the lowest figure recorded. The highest per capita figure in 1913 was that for Massachusetts, \$22.78. About \$14.50 of this amount, however, represents contingent debt incurred on behalf of local bodies. The other states with per capita figures over \$5 are Arizona (\$13.28), Virginia (\$10.46), New York (\$9.05), Rhode Island (\$9.02), Louisiana (\$7.89), Nevada (\$6.70), Connecticut (\$6.12), Alabama (\$5.95), Idaho (\$5.92), Maryland (\$5.56), Tennessee (\$5.32). In thirteen states the per capita figure was less than \$1, while in Pennsylvania the sinking fund exceeds the debt.

The bonded debt in 1913 was \$364,836,426, against which the states held sinking funds of \$76,680,571, leaving a net bonded debt of \$288,155,856, more than 57 per cent of which was represented by the debts of Massachusetts and New York. The total bonded debt in 1870 was \$313,887,639. It steadily decreased until 1896 when it was \$174,810,210. Since that date there has been a steady increase, the figure for 1909 being \$251,146,173. Between 1909 and the latest date available, a period of three years, in the case of some states, and four years in the case of others, there has been an increase of nearly \$114,000,000. An examination of the figures shows that five states are responsible for \$94,552,669 of this increase; New York, \$68,472,000; Massachusetts, \$7,614,500; California, \$6,967,000; Maryland, \$6,309,169; Connecticut, \$1,190,000. In New York there has been an increase of \$46,407,000 in canal bonds and \$23,000,000 in highway bonds. Approximately half of the increase in the other four states is accounted for by the issue of highway bonds. The floating debt of the states also increased from \$10,007,912 to \$19,429,956 during the same period.

The funds held by the states amounted in 1913 to \$490,304,975, comprising \$136,975,610 in cash and \$353,329,365 in securities. If we deduct from the latter figure the sinking funds and the special debt obligations to trust funds, there remains \$237,818,652 of securities in funds the income of which is available for meeting state expenditures. Over \$216,000,000 of these securities are held in common school funds and the greater part of the remainder in funds for collegiate and university education. Of the securities in the common school funds \$67,734,108 are held by Texas and \$22,658,381 by Minnesota. South Dakota's common school fund amounts to over

\$10,000,000 and eleven other states (all, with the exception of Massachusetts, New York, New Jersey, and Indiana, west of the Mississippi) have funds of between \$5,000,000 and \$10,000,000. In 1880 the securities in funds other than sinking funds, and special debt to public trust funds, amounted to \$48,309,351. The most marked increase in the securities in such funds has taken place since 1900, in which year they amounted to \$105,376,212.

These are some of the more evident facts which can be gleaned from this report, the material in which would repay careful analysis.

The total funded debt of California (p. 87) is given as \$10,178,750 instead of \$10,178,250. There is also an inconsistency between the amount of Virginia's special debt to public trust funds as stated on pages 17 and 193. An explanation of this inconsistency may be found on page 72.

The second pamphlet, on *Taxation and Revenue Systems of State and Local Governments*, follows the lines of the corresponding portion of the 1902 volume, comprising a summary of the constitutional and statutory provisions in force in regard to state, county, and municipal taxation in each state. The report does not cover sources of revenue other than taxation, as the main title might seem to indicate. A separate paragraph, it is true, is devoted to school revenue in each state, but the statements vary greatly in completeness. Thus in the case of Texas it is stated that the constitution establishes a permanent school fund from the proceeds of the sales of public land and from other sources, and the interest derived therefrom and the school taxes make up the available school fund, but from the statement in connection with Minnesota no one would learn that there was any such fund although the first pamphlet shows that the securities in the common school fund in that state amount to over \$22,000,000.

As it is, however, the report contains a mass of information not brought together elsewhere in regard to the taxation systems of the states. Unfortunately, a cursory examination of the portion dealing with Rhode Island, the state with which the writer is most familiar, does not tend to inspire confidence in its accuracy in details. It is stated (p. 204) that no shareholder is liable to taxation on shares held in any corporation within or without the state when the corporation is taxed for an amount equal to the value of its property and that, when the corporation is taxed for less than this amount, the shareholder is taxed only for the difference between the market value of each share and the proportionate amount per share at which the corporation was last taxed. Under the act of 1912 shareholders in

corporations without the state are taxed at the rate of four mills on the dollar with no deduction for any taxes which may be levied on the corporation in the state in which it is situated. The only exception is in the case of holders of shares in national banks situated outside the state, the shares of which are taxable where the bank is situated.

On the same page it is stated that actual indebtedness may be deducted from personal property liable to taxation. Under the act of 1912 deduction for debts can be made only against money on hand at interest, or on deposit, or debts due from others. On page 205 is the statement that the taxes on shares of national banks collected by the state treasurer are apportioned to the towns or cities in which the banks are situated. As a matter of fact, this is done only in the case of the shares owned by non-residents of the state. On page 207 it is stated that towns may divide themselves by vote into school districts. The district system was abolished more than ten years ago. On the same page it is stated that public service corporations given a franchise by a municipality are required by state law to pay such portions of their gross earnings, not to exceed three per cent, as may be agreed upon by the terms of the franchise grant. This is correct, but it fails to note that subsequent acts granting exclusive franchises to the street railway and electric lighting companies in Providence authorized a tax of between three per cent and five per cent of the gross receipts of those companies. The street railway company has for many years paid five per cent in Providence.

No mention is apparently made of the special tax of one per cent of gross earnings levied on street railways under chapter 216 of the public laws.

HENRY B. GARDNER.

TAXATION OF CORPORATIONS. The Bureau of Corporations has published another instalment of its studies on the taxation of corporations. This last is entitled *Taxation of Corporations. Part V. Mountain and Pacific States. Report of the Commissioner of Corporations on the System of Taxing Manufacturing, Mercantile, Transportation, and Transmission Corporations in the States of Montana, Idaho, Wyoming, Colorado, Utah, Nevada, Arizona, New Mexico, Washington, Oregon and California. September 8, 1914* (Washington, 1914, pp. xiii, 236).

There is no doubt as to the general usefulness of this series of publications. Just because they are so good it is worth while to urge that they be made better.

The following criticisms apply only to the statements concerning

California. They are submitted in the hope that they may call out like criticism as to other states and lead to a new edition, "revised and corrected." They are for the most part errors or half-truths due to excessive condensation. Some of them arise from the limited selection of companies to be studied. Thus with the intent to deal only with manufacturing, mercantile, transportation and transmission companies, difficulties of statement arise when other classes have to be mentioned in order to cover the system.

Specific errors to be noted are:

Page xi. "Special taxes are levied [*i.e.*, in California] on all corporations solely for state purposes, and yield about 76 per cent of the states taxes." This statement while technically correct, conveys in its context a wrong impression. It is equally true that *all* corporations are taxed for local purposes. The line drawn between property taxed locally and that taxed by the state should have been indicated.

Same page. "In 1912 California collected more than \$11,000,000 from corporations, an amount exceeded only by Pennsylvania and New York." This is also possibly technically true if it specifies that the figures refer to the moneys collected and retained by the states alone. But the natural inference that California corporations pay more taxes, all told, than do the corporations of Pennsylvania and New York is not true.

Pages 2 and 3, table. The statement that manufacturing companies are not taxed locally "on all property" (which here omits the franchise) and are taxed locally "on property not used in the business" is incorrect. Such companies are taxed locally on all property, except the franchise, whether it be used in the business or not, the franchise is taxed for state purposes. Mercantile companies should also have been cared for in the statement. They are treated just the same as manufacturing companies.

Page 4. The California license tax is described correctly elsewhere in the report, but here the compiler evidently forgot that the Mulford case, which may be bad law, has not been reversed and that the license tax does not apply to foreign companies.

Page 13, table. That the state board of equalization also assesses the taxes on banks and insurance companies is omitted, and that it assesses water companies on gross receipts is implied although not true. So far as the limited list under investigation is concerned, the statement is correct.

Page 202. "Chief features. First." The constitution does not "require" separation of sources. It specifically permits of a state *ad valorem* tax.

"Second." The state does not tax *all* public service companies on gross receipts. Water companies are not included. It also taxes bank stock on book value. Moreover, the tax on the selected public service companies is expressly declared to be a tax on the property and franchises although measured by the gross receipts. This is a distinction which is legally of great importance.

Again on the same page the distinction between taxable stocks and bonds and non-taxable does not turn solely on the situs of the property of the companies. It turns on the home of the company also. But that point is of small practical interest anyway because the important thing is that under the new system banks and insurance companies may hold exempt from taxation stocks and bonds of foreign corporations.

Page 203. Here and elsewhere it is stated that the franchise tax is levied on "certain other companies," which seems to imply positive selection. The fact is, it is "all other companies" except those like the churches, a very few educational and similar classes all of whose property is all exempt after the old American traditions.

Page 204. As there are two ways of apportioning interstate receipts, (1) road mileage and (2) shipment mileage, the phrase "proportionate interstate receipts" is inexact. California uses shipment mileage. Again, insurance companies are allowed to deduct from the taxes due the state the taxes paid locally on their real estate. The tax on banks covers all banks, not "certain" ones, and is based on paid-in capital stock, surplus and undivided profits (not "the value of shares of capital stock") less the assessed value of the real estate as assessed for county (not municipal) purposes. "With deduction for locally assessed real estate" is too vague.

Part II, dealing with the Details as to the Constitution and Statutes, is apparently by another hand, for the analysis is much more exact and the language carefully chosen.

But on page 208, where it is stated that "credits with building and loan associations are treated as an interest in the property of the corporation and are not assessed to the creditors or owners," no mention is made of the important fact that savings bank deposits are likewise included.

On page 222, the loss from the repeal of the corporation tax is given as \$1,600,000; this, it is not stated, is the biennial loss, not the annual.

While the above array of errors makes a bad showing, they are not perhaps so bad as the assembling of them appears. With a few

other minor exceptions the rest of the compilation, so far as California is concerned, is correct.

I am quite aware how hard a task it is to give a correct analysis of the tax laws of a state even when one has lived with them intimately for years. But as these federal compilations are used by attorneys, accountants, and others where the payment of large sums of money is involved, the difficulty of exact statement is not an excuse for falling short. The first two ambiguities referred to are alone sufficient to make a would-be investor in California corporations timid. Yet the fact is corporations get as "square a deal" in tax matters in California as anywhere. The report itself refers to the elaborate care taken to fix the corporation tax rates in 1913 at as nearly as might be the same burden as other property bore. Official statements concerning taxes should be, if anything, more exact than concerning other matters, because they refer to matters which come down to specific exactions of definite sums of money and deal with liens on property which may be serious if neglected or misunderstood.

CARL C. PLEHN.

University of California.

The *First Biennial Report of the Tax Commission of the State of South Dakota*, 1913-1914 (Pierre, 1914, pp. 532) has appeared. More than 100 pages are devoted to a prepared codification and amendment of the revenue laws. The commission also has a long list of recommendations as to legislation.

The *Fourth Annual Report of the Tax Commission of Ohio, 1915* (Columbus, 1914, pp. 504; addenda, pp. 24) is devoted to the routine statistical tables.

The *Sixth Annual Report on the Statistics of Municipal Finances* of Massachusetts, for 1912 (Boston, Bureau of Statistics, 1914, pp. 257) shows the progress in standardizing the accounting systems of Massachusetts. The comparative tables are thus annually becoming more and more valuable.

Mr. William Tindall, secretary to the Board of Commissioners of the District of Columbia, has compiled *Methods of Municipal Assessment and Taxation in the District of Columbia*, completed to September 1, 1914 (Washington, 1914, pp. 109).

The *Report of the Tax Commissioner for the Biennial Period 1913 and 1914* of Connecticut (Hartford, pp. 260) is unusually full. It contains a discussion of assessment, notes the decrease of the in-

heritance tax, refers to the taxation of the New York, New Haven and Hartford Railroad; and the appendix contains forms of assessment, a summary of the recent decisions of the Supreme Court of Errors relative to the subject of taxation, and addresses delivered at the annual conferences of state tax associations held at Hartford in 1913 and 1914.

The report of the Special Commission of Nebraska on *Revenue and Taxation, 1914* (Lincoln, 1914, pp. 243) has chapters on the general property tax which is severely criticised, the real estate tax, mortgage tax law, taxation of corporations, separation of sources of revenue, problems of administration, income taxation, the inheritance tax law, occupation tax on manufacturers and dealers in liquors and tobacco, and the taxation of grain dealers.

There is also to be noted the *Proceedings of the Fourth Biennial Conference Convention of the Tax Commission and the County Assessors of the State of Kansas*, held at Topeka, December 8-9, 1914 (Topeka, 1914, pp. 84).

The Legislative Reference Bureau of Illinois has published *Illinois Party Platforms, 1914, with Select Bibliographies of Available Material on File in the Legislative Reference Bureau, Relating to the Subjects Enumerated Therein* (Springfield, pp. 43). For example, on the subject of taxation there is a two-page list and on minimum wage a page and a half.

The New York Tax Association has for distribution *What the Tax Survey Shows*, a report of the Committee on Taxation of the Conference of Mayors and Other City Officials, and the resolutions of the conference held at Auburn, June 3-5, 1914 (pp. 15).

The *Twenty-fourth Annual Report of the New York Tax Reform Association* for 1914 (29 Broadway, New York) gives the usual summary of legislation and the compilation of tax amendments to the state constitution during the past year.

The National Tax Association (15 Dey St., New York) has distributed the *Report of the Committee on Taxation*, presented at the meeting of the American Bar Association, October 20-22, 1914 (pp. 25). The report is chiefly concerned with the legal and administrative phases of the law imposing an income tax upon individuals. The committee avoids discussion of the wisdom of the tax itself. "Apart from specific defects the structure and language of the act as a whole is open to the gravest objections. A revision of the law should there-

fore extend to its form as well as to its substance. The entire act should be reconstructed, and there should be placed upon the statute book an income tax law so arranged and expressed as to be convenient for reference, consistent in all its parts and capable of being understood by a citizen of average intelligence."

The National Tax Association has also for circulation: *Make Real Tax Reform Possible in Oregon by Voting* (pp. 24), a pamphlet first issued by the Legislative Tax Committee of Oregon; and *Concerning the Tax Amendment to the Constitution of Kansas*. The Tax Commission of Kansas, in October, 1914, compiled a series of letters from various authorities and experts on the proposed amendment to the constitution. These are brought together and reproduced in this pamphlet.

In the *Proceedings* of the Academy of Political Science in the City of New York, for October, 1914 (New York, Columbia University), containing a collection of articles on the revision of the state constitution, there is a paper on "Constitutional provision for a budget," by Frederick A. Cleveland (pp. 141-188).

Demography

Bulletin 127 of the Bureau of the Census deals with *Chinese and Japanese of the United States* (Washington, 1914, pp. 50). A large part of this material has been previously published in the population volumes of the *Thirteenth Census* and in the bulletins for the several states. The principal new part, however, deals with agricultural statistics.

The Commonwealth Bureau of Census and Statistics of Australia has published *Australian Life Table, 1901-1910* (Melbourne, 1914 pp. 75). Tables are based upon the mortality experience of the commonwealth for ten years. Those relating to male lives are printed on white paper and those relating to female lives on tinted paper. The tables of elementary values which form the mortality basis of the succeeding monetary tables are a portion of the results of an extensive investigation of mortality experience of the commonwealth and its component states for the three periods, 1881-1890, 1891-1900, and 1901-1910. The monetary tables comprise, for each sex, for the rates of interest 3 per cent, 3½ per cent, 4 per cent, 4½ per cent, and 5 per cent, the usual commutation columns and the annual and continuous values for life annuities, single premiums, and annual premiums.

Social Problems

HOUSING REPORTS. Among American housing documents the *First Annual Report of the Homestead Commission, 1913* of Massachusetts (Boston, Pub. Doc. 103, 1914, pp. 336) is unique in its comprehensiveness, and in its emphasis on municipal cottage construction, on cheap loans from the state for the building of workingmen's houses, and on municipal land purchase for housing purposes. The commission was created in 1911. Its prior publications have appeared as House bills or labor bulletins (as bulletin 88, *Homesteads for Workingmen*, 1912). Only 64 pages of this "first annual report" are devoted to the activities and recommendations of the commission; the remaining 250 pages summarize the housing policies of the nations and provinces of Europe, Australasia, and South America. The report deals chiefly with the organization and suggested activities of local planning boards (ch. 494, *Acts of 1913*), methods of financing cottage construction, tax exemption of \$2000 on each house, assessment of betterments, a defense of state aid for home building, statistics of infantile mortality and congestion, and recommendations. The major contribution of this document is its elaborate appendix which is a highly valuable accession to housing literature. It contains the questionnaire (sent to diplomatic and consular officers) and the replies from 35 nations or provincial governments.

There is some evidence of carelessness in preparation of the report and of the use of data at second hand and without discrimination (*e.g.*, p. 48, the quotation from Dr. Darra-Mair's "Back-to-Back Houses" via the *Jahrbuch der Wohnungsreform* of 1911; Darra-Mair is also misspelled as Darr-Mair). Crude infantile mortality rates are quoted (pp. 51-53) to show "the urgency of the work of improving home conditions," though the correlation is far from clear and is indeed shown to be dubious by the distribution of infant deaths in Boston. There is also a tendency to unsubstantiated and quite debatable generalizations (*e.g.*, the first and the last sentences on page 49). Nevertheless the compilation is highly useful and the bills of the commission are good.

Several papers which deal with the radical measures for housing and town planning recently enacted in Canada are incorporated in the *Report of the Fifth Annual Meeting of the Commission on Conservation of Canada held at Ottawa, Jan. 20-21, 1914* (pp. x, 287). The most important of these are G. Frank Beer's report on the "Work of the Toronto Housing Co." (pp. 116-120) and the texts of the Quebec "Act to assist in the construction of dwelling houses," the Ontario

"Act to encourage housing accommodation in cities and towns," and the Alberta "Act relating to town-planning" (pp. 239-258).

The *Report of the Departmental Committee Appointed by the Local Government Board for Ireland to Inquire into the Housing Conditions of the Working Classes in the City of Dublin*, Cd. 7273 (Dublin, Alex. Thom. & Co. Ltd., 1914, pp. iv. 30, illus.), examines housing conditions of 7500 persons in municipal houses, 24,500 in houses built by philanthropists and the 162,000 tenants of commercially built dwellings. Occupations, incomes, rents and crowding are briefly treated. Special sections deal with municipal powers for house construction and with details of finance of the housing schemes of the Dublin Corporation and of the private companies. There are recommendations for the extension of municipal housing and control of private building.

The *Housing and Town Planning Conference of the Institution of Municipal and County Engineers, Great Yarmouth, July 16-17, 1913*, edited by Thomas Cole (London, E. & F. Spon Ltd.; New York, Spon & Chamberlain, 1914, pp. xvi, 227), contains nine papers, each followed by discussion. The papers are with but one exception written by city engineers or city surveyors and deal chiefly with the designing of estates and houses and with the factors which determine building costs. The housing schemes of Sheffield are outlined by C. F. Wilse; of Birmingham, by H. E. Stilgoe; of Ruislip-Northwood, by W. Louis Carr. The address of Reginald Brown, "The housing problem and its solution" (pp. 142-207) offers useful details concerning the design, equipment, and costs of houses erected by local authorities throughout England. The "solution" offered is meager.

JAMES FORD.

The *Second Annual Report of the Chief of the Children's Bureau to the Secretary of Labor for the Fiscal Year Ended June 30, 1914* (Washington, pp. 19), notes that a large share of the attention of the bureau has been devoted to the subject of infant mortality and the improvement of the records of birth registration. Attention has also been given to the subjects of child labor, mothers' pensions, juvenile court, feeble-mindedness, and recreation.

Bulletin No. 587 of the United States Bureau of Education contains the papers presented at the meeting of the Vocational Guidance Association, October, 1913, on *Vocational Guidance* (Washington, 1914, pp. 94).

From the Children's Bureau has been received *Infant Care*, by Mrs. Max West (Washington, 1914, pp. 87).

Bulletin No. 2 of the Homestead Commission of Massachusetts (Boston, 1914, pp. 12) contains *Information and Suggestions for City and Town Planning Boards*.

A bulletin of the Russell Sage Foundation Library for December, 1914, has a three-page bibliography on *Emergency Relief*, prepared by F. W. Jenkins and E. L. Black (130 East 22d St., New York).

Insurance

WORKMEN'S COMPENSATION IN ONTARIO. The workmen's compensation act of Ontario (4 Geo. V., ch. 25, assented to May 1, 1914) carries no important provision not before known in the world's practice. Yet, taken all in all, it is of much more than ordinary interest, especially for us in the United States. It is radical; it is the seventeenth compensation law in the British Empire; and its field is near us, in that Canadian province which, in an industrial way, is the most advanced and the most closely related to this country.

As other British acts, it naturally shows many influences from earlier legislation of the mother country. The provisions for the inclusion of industrial diseases (section 100 and schedule 3) are taken outright from the statute of the United Kingdom. So, too, are a number of other substantive provisions and a larger number of definitions, distinctions, and minor rules and policies. But, on the whole, the Ontario law is most notable for its wide departure from what had come to be considered British standards. Rather it is American in general character and most like the more radical American statutes. It has some conspicuous likenesses to the New York act of 1914.

In organic relation to the compensation law is a new employers' liability law. In fact, the two laws are but parts of the one act, part I covering compensation and the brief part II covering liability. Neither part applies to "farm labourers or domestic or menial servants or their employers" (109); and, apparently, neither applies to the general run of public employments, but only to private industry and such industry conducted by minor public bodies as may be brought under part I (105; 2). But, with the exceptions noted and to be noted, the two parts together are to cover all industrial occupations. Of the liability law little needs to be said here. It imposes upon the employer no liability except for defects in ways, works, machinery, and the like, or for negligence of himself or his servants (106); but, when there is such defect or negligence, the common law defenses of assumed risk and the fellow servant cannot be used (106; 107) and contributory negligence becomes comparative negligence (108). In

other words, it is a modern liability law, and a good one—if such a thing there can be.

The compensation law, or part I, is intended to cover a broad range of enumerated occupations: “Any trade or business connected with the industries of lumbering, mining, quarrying, fishing, manufacturing, building, construction, engineering, transportation, operation of electric power lines, waterworks and other public utilities, navigation, operation of boats, ships, tugs and dredges, operation of grain elevators and warehouses; teaming, scavenging and street cleaning; painting, decorating and renovating, dyeing and cleaning; or any occupation incidental thereto or immediately connected therewith” (73). And the trades or industries thus generally indicated are elsewhere listed in more specific terms in 44 *classes* of a schedule 1, and 7 *classes* of a schedule 2, schedule 1 including the great part, presumably all or nearly all of manufacturing, mining, and construction, while schedule 2 includes transportation, communication, and public utilities. The *classes* are strikingly like the *groups* of the New York act, identically the same in nearly half the cases. Nor should the resemblances cause surprise, since it was understood that there was mutual consultation in the preparation of the bills for the state and the province.

Clearly, some important fields of occupation are not to be affected by the compensation system, but are to be kept under the liability law of part II. Here are stores of every grade and size, hotels, restaurants, saloons, theatres, billiard rooms, bowling alleys, bath houses, barber shops, photograph galleries, and so on. Doubtless, too, the close scrutiny which will attend the administration of the law will reveal some other exclusions, which were not intended; for, as the New York act has shown, the greatest care in enumerating can not produce a perfect list. The Ontario law, however, will not develop the many incongruities from which the New York law can be saved only by forced interpretations of terms. It includes several specific industries which are strangely omitted from the New York lists; it employs such generously comprehensive terms as *manufacturing, construction, engineering, and transportation*; and it makes provision for the administrative extension of the system (73; 74, 1).

There are other limitations of the scope of part I. The compensation law does not apply—nor the new liability law either, apparently—to casual employment, to persons engaged in clerical work and not exposed to trade hazards (2, 1, p), to out-workers, or to those not employed “for the purpose of the employer’s trade or business” (3; 4). The Ontario compensation law, however, makes one noteworthy ad-

vance in extending its benefits not only to paid members of the employer's family (11) but also, at his option and within limits, to the employer himself (12). This permitted inclusion of employers is not unknown on the continent of Europe; but, as far as I know, it is found only there, in Ontario, in Washington, and in California.

The awards of the new Canadian law will prove rather more liberal than can be had in most other parts of the world. In cases of disability continuing more than seven days, the awards run from the first day of the disability (3, 3). The general basis of the awards, 55 per cent of the lost earnings (33; 37; 38), is not extremely high; but the payments are long continued. Payments to a widow do, indeed, cease at her remarriage; but, at such an event, she receives in a lump sum the equivalent of two years' payments (34, 1), and any payments which had been made in behalf of her orphan children are continued as before, until they reach sixteen years (34, 2). Awards for disability, partial or total, temporary or permanent, run as long as the disability continues (37-40); and the amounts have no fixed minimum or maximum, except as there is a maximum of \$2000 a year at which earnings of employee or employer may be reckoned (41). Nothing like a life annuity of \$1100 can be had under any other compensation law.

For the purposes of general administration there are most of the familiar arrangements of the ordinary American statute: as to notices (20; 99), against agreements to waive rights (16), subjecting settlements to official approval (17), forbidding contributions by employees (18), against the attachment of awards (19), requiring submission to medical examinations (21), authorizing reviews (23) and commutations (25-28) of awards, allowing employers credit for advanced payments (42), directing enforcement by judicial process (61; 63), and many others. The optional substitution of mutual benefit schemes, of at least equal advantage to employees, not uncommon in America and the general rule in British acts, is not allowed in Ontario. There are no definite ratings of specific injuries. Nor are there any allowances for medical or surgical treatment, even in cases of fatal injuries.

The most striking features of the act are seen in the general arrangements for administering the compensation system. For the first time in the British Empire, for the first time outside of the United States, a compensation law both compels insurance in a state fund and is administered by a specially constituted commission. Employers for the time being within the 44 *classes* of schedule 1 (manufacturing, mining, construction) are required to insure their liabilities under part

I by contributing to an "accident fund" from which awards will be paid (69, 1); and they thus are released from individual liability (5). Employers in the 7 *classes* of schedule 2 (transportation, communication, public utilities) are held liable each by himself (4); but they may be required to insure otherwise than in the state fund (29), or to pay commuted lump sums (28) or give security (31, 2) for awards made against them.

For the control of these different liabilities, as well as for the general administration of the act, or at least part I, there is established a "Workmen's Compensation Board" of three, appointed by the lieutenant governor in council (45), to hold office during good behavior or until the age of 75 (50). The salaries, \$10,000, \$8,500, and \$7,500, are higher than are paid in New York, and are much higher than are paid in any other place. For the general expenses of the board an annual appropriation of \$100,000 is authorized (68); although expenses are to be covered in part by the premiums of the insured (85) and by assessments upon employers in schedule 2 (103). In short, it is the manifest purpose of the province to have a board of the highest character and efficiency. Members are required to give all of their time to their duties (51), and they are forbidden to have any interest, direct or indirect, in any industry affected by the act, in any company for the insurance of workmen's compensation or employers' liability, or in any safety devices (56).

The board has the routine administrative powers which have been thought necessary in this country: to appoint its staff (59), to make regulations subject to the approval of the lieutenant governor (64), to summon and examine witnesses (55), to require returns from employers (78), to examine books (79), to visit and inspect premises (81), and to work through individual members or authorized agents (62). It decides as to awards (23) and the manner of payment (63), with general power to review (60, 3) and commute (25-28) payments; and in all these and other matters it has unusually broad personal discretion, free from the constraint of prescribed rules (74, 2, 4; 84, 1, 2). It has large power to vary the practical meaning or scope of the law. It may extend the list of industrial diseases (2, 1, h). It may readjust the *classes* of schedule 1 (74, 1, a), subdivide them (74, 2), add to them from schedule 2 (69, 2; 74, 1, b) or from outside (74, 1, c). It may transfer any industry from schedule 1 to schedule 2, with its individual liabilities, (74, 4), or even exclude it altogether from part I, and so from the compensation system (74).

These are high functions. And the board is endowed with high

powers to perform them. It has equal authority with the Supreme Court in compelling witnesses and records (55). It has full authority to decide whether a case of accident should go to the courts as an action at law or come before itself as under part I (60, 2, c; 64, 4). And, in these and other premises, its authority is not only exclusive in the first instance but quite final.

The Board shall have exclusive jurisdiction to examine into, hear and determine all matters and questions arising under this Part and as to any matter or thing in respect to which any power, authority or discretion is conferred upon the Board, and the action or decision of the Board thereon shall be final and conclusive and shall not be open to question or review in any court and no proceedings by or before the Board shall be restrained by injunction, prohibition or other process or proceeding in any court or be removable by *certiorari* or otherwise (60, 1).

In particular, the board, has general control of the "accident fund," with a wide range of discretion. The presumption is that the half-hundred *classes* of industry are to be considered separately in the determination of premium rates (84, 1); but there may be different rates for sub-classes (74, 2), for "industries" (74, 4), and for individual employers (85, 3). The merit rating according to hazards is contemplated, undoubtedly; but it is permitted (74, 4; 85, 3), not commanded. In making rates, as in most of its work, the board has freedom of action. Premiums may be rated on pay-rolls (85, 1) or not (84, 2).

The declared basis, or principle, of the accident fund is sound. Premiums are to provide for current claims, expenses, and reserves (85, 1), so as "not unduly or unfairly to burden the employers in any class in future years with payments which are to be made in those years in respect of accidents which have previously happened" (71). Such terms, which are repeated with only the slightest changes (84, 1; 91), and the references to the maintenance (70; 72; 91) and investment (92) of reserves imply a purpose to have the fund on a satisfactory financial or actuarial basis. It is unfortunate that there is no clear provision for meeting catastrophes, as there is in the funds of California and New York; and there may be danger in the permission, expressly given (70), to make temporary use of the reserves for current needs. The authorization of special (70; 84, 3) and supplementary (91) assessments for making up shortages may prove a temptation to unduly low rates in the regular premiums. Possibly, too, a venturesome board might find in section 72 a hint that it need not maintain such reserves as would satisfy the most careful of actuaries. But much must depend upon the ability and character

of the board and the ability of its expert subordinates; and certainly none can doubt that Ontario means to have a board of ability and character. As far as the terms of a statute may go for the ordering and control of the fund, Ontario has done at least as well as any American state and better than most, with their crude, mechanical or vicious regulations.

Of the practical solvency of the fund, apart from the fairness with which it may place its charges, there can be no doubt whatever. At the outset a "provisional assessment" is made in advance upon all the employers in schedule 1 (84); and its amount is maintained year after year as a working capital or fund, unhappily designated as "special reserve" (84, 3). Out of this, year by year, current payments are to be advanced; and after the close of each year the claims actually paid, with due additions for reserves and the expenses of the year past, will determine the amount of the regular assessments upon employers (85, 1) for the restoration of the "special reserve" and the building up of a true actuary's reserve. Any lack of funds in hand for the payment of claims as they fall due may be made good by the temporary use of the reserves or by advances from the general funds of the province (70). Such deficiencies or advances and all other deficiencies are to be made good by special or supplementary assessments upon all employers in schedule 1 (70; 87; 88; 91), since "for the purpose of paying compensation the accident fund shall be deemed one and indivisible" (74, 3). Any ascertained deficiency in the true reserve of the fund will be supplied similarly by a supplementary assessment (91). Assessments are without limit of amount and they may be enforced and collected either as if judgments of the district or county courts (94) or as if taxes (95). A fund resting ultimately upon the state's sovereign control of all the wealth of industry cannot but be solvent. Employers in schedule 2 are assessed only for their just proportion of the expenses of administering part I (103).

The board has no power directly to enforce safety rules or appliances. It has, however, power to ascertain whether the safety requirements of the law are observed (81); and its large power to adjust premium rates to hazards, even to exclude employers from part I of the act, will mean a real power over the employers within schedule 1. Their own direct action is further stimulated by provision for associations for accident prevention within the different *classes*; and the safety rules of these associations may be made enforceable by the approval of the board and the lieutenant governor in council

(101). Apparently, employers in schedule 2 find in the present act no special or new inducement to promote the safety of their plants, except the obligation individually to pay the compensations.

This is not a place for a criticism of the Ontario statute. Its larger characteristics have been indicated; and readers will judge it according to their individual minds. There are, however, not a few interesting problems which are raised by this new law. What, for example, is the position of the special classes of employees who are expressly excluded from the benefits of part I of the act, although the industries in which they serve are included, the outworkers, clerical employees, and others? Apparently, they cannot take advantage of the employers' liability law of part II; for section 105 declares that the employers' liability law, "sections 106 to 108, shall apply only to the industries to which part I does not apply and to the workmen employed in such industries."

In the issue of the act coming from the provincial printer there is one error which might affect the application of part I to municipal utilities. Class 1 of schedule 2 includes municipal trade or business "as defined by subsection 3 of section 2." It should be subsection 2: there are only two subsections in section 2.

By executive proclamation the act became effective January 1, 1915. The members of the board are Messrs. S. Price, K. C.; A. W. Wright; and G. A. Kingstone.

WILLARD C. FISHER.

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Among insurance pamphlets are to be noted:

Can Insurance Experience be Applied to Lengthen Life, by Arthur Hunter; an address delivered before the Association of Life Insurance Presidents, December 10, 1914 (pp. 10).

On the same occasion was delivered an address by A. Barton Hepburn on *The Relation of Life Insurance to the Credit Fabric of Business* (pp. 9).

The True Purpose of the Loss Settlement, an address delivered before the Insurance Society of New York, November 10, 1914, by Allen E. Clough (pp. 12).

Some Observations on Supervision, by Frank Hasbrouck, superintendent of insurance of the state of New York, an address delivered December 11, 1914 (pp. 11).

Life Insurance Companies Should Be Compelled to Invest in the

Securities of Those States in Which the Funds Originate, by Fitz H. McMaster, insurance commissioner of South Carolina (pp. 13).

A Method of Determining Pure Premiums for Workmen's Compensation Insurance, by Harwood E. Ryan, a paper read before the Actuarial Society of America, October, 1914 (Albany, Ins. Dept., pp. 10).

Statistics

THE THIRTEENTH CENSUS REPORT ON OCCUPATIONS. One of the most important improvements in census work expected from the permanent bureau was in the difficult field of occupation statistics. It is therefore peculiarly unfortunate that the report on occupation statistics (*Thirteenth Census of the United States*. 1910. Vol. IV. *Population. Occupation Statistics*, Washington, 1914, pp. 615) has suffered heavily from the lack of funds which handicapped the completion of the work as a whole. In order to expedite its publication and reduce the cost, the last machine count of the cards and the resulting tables have been omitted. It is to be hoped that special reports to cover the excluded subjects may soon appear.

Changes in occupation procedure began in the preparation of the schedules and instructions to enumerators, with an effort to secure more definite and accurate returns, five questions on the subject of occupations being asked in place of the previous one. The only notable improvement in the data of the report as published, however, is the division of the usual question as to the person's occupation into two, one relating to the kind of work and the other to the nature of the industry.

The new classification of occupations, the work of Mr. Alba M. Edwards, expert special agent of the bureau, and author of the text, marks a departure from previous American practice. The new system is a compromise between the older American classifications and the so-called "international" classification prepared by Dr. Bertillon for the International Statistical Institute and, after revision, adopted by that body at its Chicago meeting in 1893. The principle underlying the compromise was the aim of securing, as far as possible, the advantages of the international system without unduly sacrificing comparability with the results of previous censuses.¹ Some sacrifice was

¹ Alba M. Edwards. Unpublished papers on the classification of occupations. (The main ideas of the papers are contained in an article on "The Classification of Occupations" in the *Quarterly Publications of the American Statistical Association*, vol. XII, no. 94.

inevitable, of course, and it is not alleviated as much as might have been desired through comparative tables. The number of primary divisions in the classification is increased over that of 1900 from five to eight (as against 13 in Dr. Bertillon's arrangement). Mines and quarries are separated from manufacturing and mechanical industries; the Trade and Transportation division is divided and a new division of Public Service is added. These changes, with the revised wording of the other titles, are undoubted improvements.

As a solution of the vexed question of arranging a classification to subserve the various purposes of such tables and to meet the conflicting demands made upon them, Mr. Edwards has undertaken to present the occupations of the country in detail. As he says,² if the occupations are reported separately, they may be grouped in any way desired. Accordingly, the general classification for the United States as a whole (General Tables, table VI) gives the number of persons engaged in each separate occupation in each of the 117 industries and three service groups of the country, "in so far as such occupation was definitely returned by the enumerators and was of sufficient importance to justify its separate presentation" (p. 24).

As to what was the test of sufficient importance we are not told, but it must have been a lenient one. Approximately 5000 occupation groups are tabulated, a number far in excess of that recognized in other census classifications of occupations.³ Of this number over half include a total of under 500 persons for the whole United States; something like one fifth number under 100, while a considerable fraction are under 10; and we are actually told that there are in this country *three masons* employed by printing and publishing establishments! As figures of this sort are subject at best to a wide margin of error, such numbers can hardly be dependable; and, even supposing them approximately correct, it is to be questioned whether, in view of the wide variations in conditions over so extended an area, they are not too small to be statistically significant. The results of further distributing them among the dozen sex, age, and social groups frequently border on the fantastic. Under the theory, to be sure, such groups would be expected to be used only for recombining,

² Unpublished paper, "Proposed Changes in the System of Occupation Classification in the United States," p. 3.

³ The Massachusetts census of 1885 is to be excepted. In its occupation report are listed over 8000 occupations, but such detailed classification was entirely abandoned in the next census when occupations were grouped under 123 titles.

but one may still doubt the value of publishing figures for groups below a reasonable minimum size.

In the other general tables, showing occupations by geographical subdivisions, such detail was impossible, and they are presented under 428 groups and subdivisions, further reduced in two of the tables to 215 by omitting the subdivisions. A point which may be criticised here is the fact that there is no such arrangement of the detailed and condensed tables as to enable the student to tell which occupations in the longer list were combined. This would have been very serviceable, not merely for the purpose of accurately describing the larger groups, but also to make possible their subdivision by means of proportions derived from the detailed table.

A more serious defect is that in order to form combinations along occupational lines, "each occupation of the condensed list is classified in that part of the industrial field in which it is most commonly pursued." The result is frequently obscure, not to say misleading. Here again there is no key to what has been done, which groups have been moved and combined, and it is difficult and often impossible to ascertain whether the persons constituting a group placed under a certain industry were all, in fact, employed there or whether those following a similar occupation in other industries have been included.

Moreover, no consistent plan has apparently been followed in selecting the combinations to be made. The greatest divergence is to be found in the treatment accorded to the "repeaters" (occupations pursued in more than one industry) listed in the Index of Occupations prepared as a basis for the classification. Most (but not all) of the "trades" of the group are placed under Manufacturing and Mechanical Industries; some (draftsmen and designers) are included among the professions; and others (decorators, wheelwrights, mechanical engineers) are not to be found at all. The "proprietary, official, and supervisory" persons might be thought fairly to constitute an occupational class, but they have been rather minutely distributed among the different branches of industry, as have also the unskilled laborers; clerical occupations on the other hand are erected into a separate class, treated throughout as coördinate with the eight primary divisions.

A procedure which suggests itself as more serviceable would be to classify under each industry only occupations peculiar to it, or else its true share of other occupations, and to make a separate grouping of occupations common to more than one industry, as was done with

the clerical pursuits. A large field of usefulness would also be opened up for various special groupings cutting cross industrial lines, based on different significant characteristics connected with the work.

If a suggestion may be added as to what is perhaps the most urgently needed general change in American occupation census procedure, it should be the drawing of a more definite distinction between the occupied and unoccupied. To do this successfully would involve recognizing more than one degree of the quality in question—at least the three gradations of occupied, partially occupied, and unoccupied, as opposed to the present two. This is especially true in the case of women and children, and perhaps the aged. Censuses of occupations in European countries have felt this need, and are distinguishing to an increasing extent between principal and subsidiary occupations.

In this country, the instructions to census enumerators contain no general rule or definition for determining what constitutes a gainful occupation. This involves giving unlimited discretion to the vast number of these officials, temporary appointees of little training and often limited competence, and as a result we find such anomalies as the following: A slight change in the wording of the instructions in 1910 has caused the number of females reported as engaged in agricultural pursuits to increase 85 per cent above the number for 1900, while the number reported as farm laborers increased 129.5 per cent. The number of children from ten to fifteen years of age reported as occupied decreased 18.8 per cent, but the number reported as occupied in agriculture increased 34.8 per cent. Again, we find the percentage of children from ten to thirteen years of age, reported as gainfully employed in 1910, varying from 1.2 per cent in Massachusetts and 6.6 per cent in Iowa to 56.1 per cent in Mississippi for boys and from 0.3 per cent and 0.7 per cent to 39.4 per cent for girls in the same states.

Such figures are not merely worthless as an indication of the number of women and children employed, but they must vitiate to a considerable degree the proportions shown for the whole population. In agriculture we find, for example, that the "farm laborers" include over 250,000 girls from ten to thirteen years of age, while 23.8 per cent of the entire class is made up of children from ten to fifteen and 42.4 per cent of such children and women together. Clearly we here have the word "employed" used in fundamentally different senses. The census should no doubt take account of the productive labor of such partially occupied persons, but they certainly should

not be thrown in indiscriminately with those devoting the time and energies of adult life to the occupation.

It is to be emphasized also that the extent of engagement of women and children in industry and the nature of their work is itself one of the most vital questions the occupation statistics should be expected to answer. The data on this head are only misleading when no distinction is drawn between such persons toiling long hours for subsistence and those earning "pin-money" by spare-time work in addition to housekeeping or school attendance.

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